

# Reliance Capital Limited

**Review report on the results for the quarter ended  
June 30, 2015 (un-audited)**

**August 14, 2015**

**Safe Harbour**

This report and the discussion that follows may contain “forward looking statements” by Reliance Capital Limited (“RCL”) that are not historical in nature. These forward looking statements, which may include statements relating to future results of operation, financial condition, business prospects, plans and objectives, are based on the current beliefs, assumptions, expectations, estimates, and projections of the directors and management of RCL about the business, industry and markets in which RCL operates. These statements are not guarantees of future performance, and are subject to known and unknown risks, uncertainties, and other factors, some of which are beyond RCL’s control and difficult to predict, that could cause actual results, performance or achievements to differ materially from those in the forward looking statements. Such statements are not, and should not be construed, as a representation as to future performance or achievements of RCL. In particular, such statements should not be regarded as a projection of future performance of RCL. It should be noted that the actual performance or achievements of RCL may vary significantly from such statements.

**General Risk**

Investment in equity and equity related securities involve a degree of risk and investors should not invest any funds in this Company unless they can afford to take the risk of losing their investment. For taking an investment decision, investors must rely on their own examination of RCL including the risks involved.

**Convenience translation**

We publish our financial statements in Indian Rupees. All references herein to “Indian Rupees” and “Rs.” are to Indian Rupees and all references herein to “US dollars” and “US\$” are to United States dollars. All translations from Indian Rupees to United States dollars were made (unless otherwise indicated) using the rate of Rs. 63.50 = US\$ 1.00 for Q1 FY16 profit and loss items and for the balance sheet items as on June 30, 2015. All amounts translated into United States dollars as described above are provided solely for the convenience of the reader, and no representation is made that the Indian Rupees or United States dollar amounts referred to herein could have been or could be converted into United States dollars or Indian Rupees respectively, as the case may be, at any particular rate, the above rates or at all. Any discrepancies in any table between totals and sums of the amounts listed are due to rounding off.

We also use the international convention of presenting financial information in millions or billions of rupees. Note: One million rupees is equal to ten lakh rupees. Ten million rupees is equal to one crore rupees. One billion rupees is equal to one hundred crore rupees.

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**SECTION 1**
**RELIANCE CAPITAL - PERFORMANCE AT A GLANCE**

(Rs. Million)

Particulars	2013	2014	2015	Quarter ended June 30, 2015
<b>Reliance Capital Limited (Consolidated)</b>				
Total Revenues	75,186	75,441	88,608	24,571
Profit After Tax	8,119	7,465	10,011	2,006
Net worth	120,054	124,831	135,466	138,670
Total Assets	405,881	455,277	474,401	494,061
<b>Reliance Life Insurance</b>				
Total Premium (Net)	40,153	42,567	45,917	7,465
Profit Before Tax / (Loss)	3,804	3,589	1,352	352
<b>Reliance General Insurance</b>				
Gross Written Premium	20,362	24,417	27,530	8,627
Profit Before Tax / (Loss)	(928)	641	814	295
<b>Reliance Commercial Finance</b>				
Total Revenues	21,168	22,100	23,609	6,082
Profit Before Tax	3,420	4,295	4,406	798
<b>Reliance Capital Asset Management (Consolidated)</b>				
Total Revenues	7,346	7,749	9,551	3,125
Profit Before Tax	2,896	3,521	4,550	1,077
<b>Broking &amp; Distribution businesses</b>				
Total Revenues	3,781	3,499	2,849	557
Profit Before Tax / (Loss)	448	(207)	(255)	(169)

Particulars	Year ended March 31,			Quarter ended June 30, 2015*
	2013 <sup>+</sup>	2014 <sup>+</sup>	2015 <sup>+</sup>	
<b>Reliance Life Insurance</b>				
New business premium	13,766	19,340	20,697	3,008
<b>Reliance General Insurance</b>				
Combined Ratio (%)	121%	119%	121%	115%
<b>Reliance Commercial Finance</b>				
Loan book size	136,524	136,668	154,093	157,753
<b>Reliance Mutual Fund</b>				
Average Asset under Management (Rs. billion)	946	1,035	1,371	1,447
<b>Broking &amp; Distribution businesses</b>				
Broking Accounts (Nos.)	710,000	723,600	750,900	758,600

<sup>+</sup> All the financial highlights given are based on consolidated audited results

\* Financial highlights are based on un-audited consolidated results

## SECTION 2

### BUSINESS OVERVIEW

#### Introduction:

Reliance Capital is one of India's leading private sector financial services companies and ranks amongst the top financial services companies, in terms of net worth.

Reliance Capital is a part of the Reliance Group and is a constituent of CNX Nifty Junior and MSCI Global Small Cap Index.

Reliance Group is amongst India's leading business houses with over 230 million customers. The Group has a strong presence across a wide array of high growth consumer-facing businesses of financial services, telecom, energy, power, infrastructure, and Defence.

Reliance Capital has interests in asset management and mutual funds; life and general insurance; commercial finance; equities and commodities' broking; wealth management services; distribution of financial products; asset reconstruction; proprietary investments and other activities in financial services.

#### Summary of Consolidated Financial Statements

(Rs. Million)

	Q1 FY16	Q1 FY15	Q4 FY15	FY15
Interest Income	10,409	9,530	9,960	38,847
Capital Gains / Dividend	1,070	719	4,133	7,053
Premium Earned	8,622	7,830	6,632	27,501
Management & Advisory Fee	2,965	1,851	2,596	8,687
Brokerage & Commission	751	892	614	3,032
Other Income	755	613	1,339	3,487
<b>Total income</b>	<b>24,571</b>	<b>21,436</b>	<b>25,274</b>	<b>88,608</b>
Interest & Finance charges	6,851	6,838	6,315	26,423
Other Expenses	14,923	13,012	13,675	49,875
<b>Total Expenses</b>	<b>21,775</b>	<b>19,850</b>	<b>19,990</b>	<b>76,298</b>
Profit before tax	2,796	1,586	5,284	12,310
<b>Net Profit after Minority Interest &amp; share of profit of associates</b>	<b>2,006</b>	<b>1,636</b>	<b>4,068</b>	<b>10,011</b>
Diluted EPS (Rs.)	7.9	6.7	16.5	40.7

- Total consolidated income of Rs. 24.6 billion (US\$ 386.9 million) against Rs. 21.4 billion in the corresponding previous period - a YoY increase of 15%

- Interest & finance charges for the quarter remained flat at Rs. 6.9 billion (US\$ 107.9 million)
- Other expenses for the quarter were Rs. 14.9 billion (US\$ 235.8 million) - an increase of 15% as against the corresponding previous period
- Profit after tax, minority interest and share of profit of associates for the quarter ended June 30, 2015, was Rs. 2.0 billion (US\$ 31.6 million) - a YoY increase of 23%.
- Net debt to equity stood at 1.79 as on June 30, 2015, as compared to 1.86 at the end of Q1 FY15

### Balance sheet

As on June 30, 2015, the company had total assets of Rs. 494.1 billion (US\$ 7.8 billion) - a YoY increase of 8%. The company had a net worth of Rs. 138.7 billion (US\$ 2.2 billion) - a YoY increase of 10%.

It enjoys the highest ratings of '**A1+**' by ICRA and CRISIL, for its short term borrowing program and '**CARE AAA**' by CARE for its long term borrowing program.

## Reliance Life Insurance

- Reliance Life Insurance (RLI) offers products that fulfill savings and protection needs of customers. As on June 30, 2015, Reliance Life offered 30 products, of which 21 were targeted at individuals and 9 at group business
- As on June 30, 2015, Reliance Life Insurance had 8 optional rider offerings to provide comprehensive risk protection to customers. Of these, 6 was for Individual Business Segment and the rest for the Employee Benefits Business Segment
- RLI is amongst the leading Indian private sector insurers (in terms of new business premium) with a private sector market share of 4.2% as against 9.8% in Q1 FY15 (Source: June 2015 data, IRDA website)
- Total premium (net of reinsurance) for the quarter was Rs. 7.5 billion (US\$ 117.6 million) - a YoY decrease of 23%
- New business premium for the quarter ended June 30, 2015, was Rs. 3.0 billion (US\$ 47.4 million) - a YoY decrease of 46%. Of the individual new business premium, 87% was contributed by traditional products
- Renewal premium rose to Rs. 4.5 billion (US\$ 71.1 million) - a YoY increase of 8%
- Operating costs (including commission) decreased by 11% to Rs. 3.6 billion (US\$ 56.9 million) for the quarter ended June 30, 2015
- RLI achieved a profit before tax of Rs. 352.2 million (US\$ 5.5 million), for the quarter ended June 30, 2015 - a YoY increase of 2%. The declared results of Reliance Capital include consolidation of 48% stake of RLI
- **Financial Performance**

	(Rs. Million)			
	Q1 FY16	Q1 FY15	Q4 FY15	FY15
<b>First year premium</b>	2,711	5,410	4,623	19,711
<b>Single premium</b>	297	130	350	986
<b>Total new business premium</b>	<b>3,008</b>	<b>5,540</b>	<b>4,973</b>	<b>20,697</b>
<b>Renewal premium</b>	4,515	4,192	8,846	25,514
<b>Total premium (Net of Reinsurance)</b>	7,465	9,679	13,734	45,917
<b>Profit before tax</b>	<b>352</b>	<b>344</b>	<b>87*</b>	<b>1,352*</b>
<b>Operating Costs (incl. commission)</b>	3,612	4,048	5,866	18,076
<b>Total Funds under management</b>	159,061	191,160	169,274	169,274

\* Including policyholder's surplus transferred to shareholders' account

- Average ticket size for the quarter was approx. Rs. 24,300 - a YoY decrease of 4%
- The distribution network stood at approx. 900 offices across India and over 100,000 customer touch points



### Reliance General Insurance

- Reliance General Insurance (RGI) offers insurance solutions for auto, health, home, property, travel, marine, commercial and other specialty products
- RGI is amongst the leading private sector general insurance players in India with a private sector market share of 8.6%
- Gross Written Premium for the quarter ended June 30, 2015, was Rs. 8.6 billion (US\$ 135.9 million) - a YoY increase of 10%
- During the quarter, RGI realized a gross written premium of Rs. 2.2 billion (US\$ 34.0 million) from commercial lines of business - a YoY increase of 8%
- **Segment-wise break up of Premium**

Particulars	Q1 FY16	Q1 FY15	FY15
Motor	46%	51%	60%
Health	28%	22%	17%
Fire & Engineering	17%	16%	11%
Marine	3%	3%	2%
Others	6%	9%	10%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

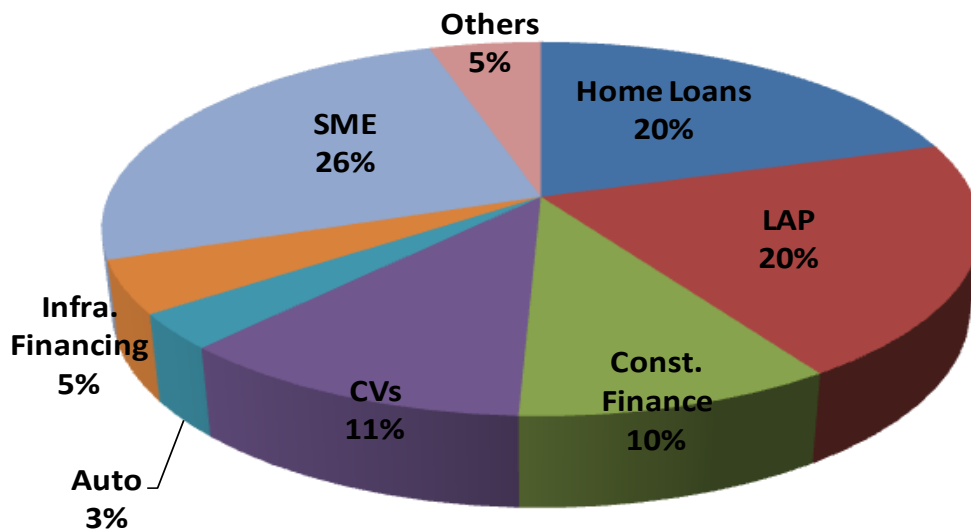
- Number of policies sold in the quarter were nearly 900,000
  - Online channel: policies sold rose by 36%, while premium increased by 26%
  - Usage of manual cover-note in Motor segment reduced from 5% in Q1 FY15 to 3% in Q1 FY16
- **Financial Performance**

	Q1 FY16	Q1 FY15	Q4 FY15	FY15
				(Rs. Million)
<b>Gross Written Premium</b>	8,627	7,865	6,604	27,530
<b>Profit before Tax / (Loss)</b>	<b>295</b>	<b>243</b>	<b>178</b>	<b>814</b>
<b>Combined ratio with pool</b>	115%	114%	124%	121%
<b>Capital infusion</b>	-	-	400	900
<b>Investment book</b>	51,940	44,946	50,483	50,483
<b>No. of policies issued (millions)</b>	0.9	1.1	1.0	4.2
<b>No. of branches</b>	127	127	127	127
<b>No. of intermediaries</b>	17,997	15,562	17,249	17,249

- The combined ratio for the quarter ended June 30, 2015, was at 115% as against 114% in the corresponding previous period
- The profit was at Rs. 295.2 million (US\$ 4.6 million) for the quarter ended June 30, 2015 - a YoY increase of 22%
- The solvency ratio for the business was at 1.5 as on June 30, 2015
- The total capital invested is at Rs. 18.4 billion (US\$ 289.3 million)
- The distribution network composed of over 125 branches and nearly 18,000 intermediaries as on June 30, 2015

**Reliance Commercial Finance**

- Reliance Commercial Finance (RCF) offers a wide range of products which include Home loans, Loans against property, SME loans, Commercial vehicle loans, and Infrastructure financing
- RCF is amongst the leading lenders in the SME segment. The focus in this business continues to be on asset backed lending and productive asset creation. In line with this, the Company has been disbursing only secured asset backed loans and has wound down the unsecured loans portfolio
- As on June 30, 2015, 100% of the outstanding book was secured
- The disbursements for the quarter ended June 30, 2015, were Rs. 25.3 billion (US\$ 398.8 million) - a YoY increase of 24%
- As on June 30, 2015, the assets under management (including securitized portfolio) was Rs. 203.2 billion (US\$ 3.2 billion) as against Rs. 174.7 billion as on June 30, 2014 - a YoY increase of 16%
- As on June 30, 2015, the outstanding loan book was Rs. 157.8 billion (US\$ 2.5 billion) as against Rs. 139.3 billion as on June 30, 2014 - a YoY increase of 13%. This loan book is spread across 70,600 customers from top 44 Indian metros
- **Loan Book Mix (as on June 30, 2015)**



- During the quarter, RCF securitized loans of Rs. 7.7 billion (US\$ 120.8 million) - a YoY increase of 85%
- Total income stood at Rs. 6.1 billion (US\$ 95.8 million) in Q1 FY16 as against Rs. 5.6 billion in the corresponding previous period - a YoY increase of 8%
- The Net Interest Income for the quarter ended June 30, 2015, was at Rs. 2.0 billion (US\$ 30.8 million) - a YoY increase of 9%
- Average NIMs for the quarter ended June 30, 2015, were 5.4% as against 5.7% for the corresponding previous period
- RCF achieved a profit before tax of Rs. 797.8 million (US\$ 12.6 million) as against Rs. 835.7 million in the corresponding previous period
- The cost to income ratio improved from 17.0% in Q1 FY15 to 15.9% in Q1 FY16

- **Financial Performance**

(Rs. Million)

	Q1 FY16	Q1 FY15	Q4 FY15	FY15
Disbursements	25,324	20,412	34,123	104,422
Net Interest Income	1,957	1,803	2,462	8,044
<b>Total Income</b>	<b>6,082</b>	<b>5,615</b>	<b>6,432</b>	<b>23,609</b>
Interest expenses	3,778	3,448	3,471	13,909
Other expenses	966	953	1,225	4,047
Provisions	541	379	227	1,247
<b>Profit before tax</b>	<b>798</b>	<b>836</b>	<b>1,509</b>	<b>4,406</b>

- Gross NPLs were 2.8% of outstanding AUMs at Rs. 5.7 billion (US\$ 90.1 million) as on June 30, 2015, as against 2.4% as at June 30, 2014
- The coverage ratio (including write-offs) stood at 52% as on June 30, 2015. Excluding write-offs, the ratio was at 20%

## Reliance Capital Asset Management

- Reliance Capital Asset Management (RCAM) managed Rs. 2.4 trillion (US\$ 38.3 billion) as on June 30, 2015, across:
  - mutual funds\* - Rs. 1.4 trillion (US\$ 22.8 billion)
  - pension funds - Rs. 905.8 billion (US\$ 14.3 billion)
  - managed accounts - Rs. 14.9 billion (US\$ 235.3 million) and
  - offshore funds - Rs. 57.0 billion (US\$ 897.9 million)
  - alternative investment fund - Rs. 6.9 billion (US\$ 108.5 million)
- \* - average assets under management (AAUM) for the quarter ended June 30, 2015
- RCAM continues to be the largest asset manager in the country
- RCAM's income from its operations for the quarter ended June 30, 2015, was at Rs. 3.1 billion (US\$ 49.2 million) - a YoY increase of 51%
- RCAM's total expenditure from its operations for the quarter ended June 30, 2015, was at Rs. 2.0 billion (US\$ 32.2 million) - a YoY increase of 73%
- Profit before tax for the quarter ended June 30, 2015, was Rs. 1.1 billion (US\$ 17.0 million) - a YoY increase of 21%
- PBT margins was at 34% in Q1 FY16 as against 43% for the corresponding previous period

- **Financial Performance**

(Rs. Million)

	Q1 FY16	Q1 FY15	Q4 FY15	FY15
<b>Total Income</b>	3,125	2,070	2,752	9,551
<b>Total Expenses</b>	2,048	1,183	1,490	5,002
<b>Profit before tax</b>	<b>1,077</b>	<b>887</b>	<b>1,262</b>	<b>4,550</b>

## Reliance Mutual Fund

- Reliance Mutual Fund (RMF) is amongst the top 3 mutual funds in India in terms of Assets under Management, with a market share of 11.8%
- The AAUM for the quarter ended June 30, 2015, was at Rs. 1.4 trillion (US\$ 22.8 billion) as against Rs. 1.1 trillion for the corresponding previous period - a YoY increase of 28%
- RMF continues to be one of the most profitable Mutual Funds in India

- Continued focus on the untapped retail opportunity
  - Equity AAUMs form over 32% of the overall AAUMs
  - Gold Savings Fund
    - Gold assets size was Rs. 14.5 billion (US\$ 229.0 million) in AAUM for the quarter ended June 30, 2015
    - RMF had a 22% market share in gold AUMs as on June 30, 2015
- There were 1.3 million Systematic Investment Plan (SIP) & Systematic Transfer Plan (STP) investor accounts at the end of the quarter - a YoY increase of 23%
- Reliance Mutual Fund continues to have the highest AUM sourced 'outside the Top 15 cities' amongst private sector AMCs
- As on June 30, 2015, there were total 71 schemes - 29 Equity oriented schemes, 33 debt oriented schemes, 8 exchange traded schemes and 1 fund of funds scheme
- At the end of Q1 FY16, RCAM had a wide distribution network spanning nearly 170 touch points and more than 46,400 empanelled distributors

### Broking business

- Reliance Capital's broking business provides clients with access to equities, equity options and commodities futures, wealth management, portfolio management services, mutual funds and IPOs. The focus is on the key business verticals of broking and wealth management
- Equity Broking:
  - Over 758,600 retail broking accounts as on June 30, 2015 - a YoY increase of 4%
  - Daily average stock exchange turnover stood at Rs. 18.6 billion (US\$ 292.8 million) - a YoY increase of 14%
- Commodity Broking:
  - It has approx. 60,000 commodity broking accounts as on June 30, 2015 - a YoY increase of 24%
  - The average daily commodities broking turnover was Rs. 2.7 billion (US\$ 43.2 million) - a YoY decrease of 6%
- Revenues of the broking business stood at Rs. 422.5 million (US\$ 6.7 million) for the quarter ended June 30, 2015 - a YoY increase of 8%
- The business made a loss of Rs. 53.7 million (US\$ 0.8 million) for the quarter ended June 30, 2015
- **Financial Performance**

	(Rs. Million)			
	Q1 FY16	Q1 FY15	Q4 FY15	FY14
<b>Total Income</b>	423	390	520	1,868
<b>Total Expenditure</b>	476	369	544	1,814
<b>Profit before tax</b>	<b>(54)</b>	<b>22</b>	<b>(23)</b>	<b>54</b>

### Distribution business - 'Reliance Money'

- The distribution business of Reliance Capital, branded as 'Reliance Money', is a comprehensive financial services and solutions provider, providing customers with access to mutual funds, life and general insurance products, loans, and other premium financial products such as PMS, private equity, REITs, etc.

- As on June 30, 2015, Reliance Money had a pan India distribution network of nearly 150 branches
- Wealth Management:
  - In wealth management, client needs are assessed to create customized financial investment opportunities
  - The AUM as on June 30, 2015, increased to Rs. 16.7 billion (US\$ 262.9 million) - a YoY increase of 102%
- Reliance Money's revenues stood at Rs. 134.2 million (US\$ 2.1 million) for the quarter ended June 30, 2015 - a YoY decrease of 48%
- The business made a loss of Rs. 115.0 million (US\$ 1.8 million) for the quarter ended June 30, 2015
- **Financial Performance**

(Rs. Million)

	Q1 FY16	Q1 FY15	Q4 FY15	FY15
<b>Total Income</b>	134	257	236	981
<b>Total Expenditure</b>	249	272	374	1,290
<b>Profit before tax</b>	<b>(115)</b>	<b>(15)</b>	<b>(138)</b>	<b>(309)</b>



**Reliance Asset Reconstruction**

- Reliance Asset Reconstruction Ltd. (Reliance ARC) is in the business of acquisition, management and resolution of distressed debt / assets. The focus of the business continues to be on the distressed assets in the SME and retail segments
- The assets under management as on June 30, 2015, rose to Rs. 11.3 billion (US\$ 178.1 million) as against Rs. 8.7 billion as on June 30, 2014 - a YoY increase of 31%
- The resolutions during the quarter amounted to Rs. 510.0 million (US\$ 8.0 million) - a YoY increase of 34%
- Profit before tax for the quarter ended June 30, 2015, was Rs. 43.9 million (US\$ 0.7 million) - a YoY increase of 51%

## SECTION 3

### CAPITAL MARKET HIGHLIGHTS

#### General information

Shareholding and Financial data as on June 30, 2015	
Code/ Exchange	500111 / BSE RELCAPITAL / NSE
Bloomberg/ Reuters	RCAPT.IN
No of share outstanding (June 30, 2015)	252,632,800
Closing market price (Rs.) (June 30, 2015)	362.7
Combined volume (NSE & BSE) (for the quarter) (No. in million / day)	2.5
Combined value (NSE & BSE) (for the quarter) (Rs. billion / day)	1.0
F & O volume (NSE - for the quarter) (No. in million / day)	12.2
F & O value (NSE - for the quarter) (Rs. in billion / day)	5.0
Stock Beta (for quarter ended June 30, 2015)	1.4
Market capitalization as on June 30, 2015 (Rs. billion)	91.6
Market capitalization as on June 30, 2015 (US\$ billion)	1.4
Book value per equity share (Rs.)	548.9

#### Summarized shareholding pattern as of June 30, 2015

Category	No. of shares	Shareholding
Promoters	132,982,303	52.6%
Foreign investors - FIIs, NRIs and others	41,431,411	16.4%
Domestic institutions/ Banks / Mutual funds	32,820,029	13.0%
Indian public	45,399,057	18.0%
<b>Total</b>	<b>252,632,800</b>	<b>100.0%</b>